

WEEKLY FINANCIAL SERVICES REPUBLICAN ROUND-UP 9.11.2009

MESSAGING RESOURCES/POLLING UPDATE

Democrats Have Learned the Wrong Lessons From The Financial Market Crisis. While the Obama Administration has seized upon the one-year anniversary of the Lehman Brothers bankruptcy to try to breathe life into its flagging regulatory reform effort, the fact is that the Administration has failed to put forward meaningful proposals to address the lessons learned from the events of September 2008, and the solutions it has offered would in some respects only make matters worse:

• One year after Fannie and Freddie were placed into conservatorship and hundreds of billions of tax dollars committed to keep them afloat, the Administration has offered no plan for reforming the GSEs. It promises that such a plan will be forthcoming sometime next year.

• One year after the \$180 billion rescue of AIG and its counterparties, the Administration has not only failed to produce an exit strategy that would restore market discipline and protect taxpayers, it has proposed expanding government's role in a way that perpetuates the "too big to fail" doctrine and promotes moral hazard.

• One year after the fundamental flaws in the U.S. regulatory system were revealed for all to see, the Administration has offered a reform proposal that leaves the current structure largely intact; grants broad new authorities to agencies like the Federal Reserve and the SEC that failed in their respective missions of promoting market stability and protecting investors; and creates a vast new bureaucracy that will result in the rationing of credit and fewer choices for consumers.

Comprehensive Regulatory Reform Is Needed To Restore Market Discipline. Republicans are committed to fixing the flaws in the financial regulatory system by ending the bailouts, getting the government out of picking winners and losers, and restoring market discipline so that financial firms and their creditors face the consequences of imprudent business decisions.

ON THE HORIZON

Wednesday, September 16: The Full Committee will convene a hearing on the Community Reinvestment Act at 10 am in room 2128 Rayburn.

Thursday, September 17: The Oversight and Investigations Subcommittee will hold a hearing entitled "Utilizing Technology to Improve TARP and Financial Oversight" at 10 am in room 2128 Rayburn.

WEEKEND MUST-READS

Wall Street Journal: "Geithner Sees 'Long Way to Go' for Recovery ... A year after the peak of the financial crisis, the U.S. economy is no longer on the brink of disaster, Treasury Secretary Timothy Geithner said Thursday, but it still has a "long way to go" to recover."

The Washington Post: "TARP: Treasury Looks to Shift Rescue's Focus To Small Businesses and Community Banks ... The Obama administration is retooling its rescue of the financial system, looking to wind down programs viewed as having run their course while considering new initiatives to address areas of lingering concern, such as small businesses and community banks."

The Washington Post: "SEC Outlines Madoff Lessons ... The Securities and Exchange Commission's internal watchdog, fresh off issuing a blistering report on how the agency bungled its handling of the Bernard L. Madoff case, offered on Thursday a series of recommendations to fix the problems that contributed to the failure to stop the disgraced financier's infamous Ponzi scheme."

NY Times: "Accountants Misled Us Into Crisis ... The accountants let us down."

Wall Street Journal: "Banks Face Loss of Debt Guarantee ... The Federal Deposit Insurance Corp. is preparing to wind down an emergency program it launched last year, which could become an early test of how the banking industry will fare without extraordinary government assistance."

Wall Street Journal: "Auto Makers Unlikely To Repay Loans Fully ... The Treasury Department drove a hard bargain but likely won't recoup taxpayers' entire investments in General Motors Co. and Chrysler Group LLC, said a report from a congressional panel overseeing government bailouts of the banking and auto sectors."

Wall Street Journal: "It's Still the Economy, Stupid ... It's been a long time since James Carville said the most famous thing he ever said: It's the economy, stupid."

Wall Street Journal: "Dear Chairman Bernanke ... On behalf of your many Chinese friends and all of the Chinese people, we wish to congratulate you on your recent reappointment as Chairman of the American Federal Reserve."

Wall Street Journal, Wallison: "The Fed Can't Monitor 'Systemic Risk' ... Using the financial crisis as a pretext, the Obama administration is determined to enact massive financial regulatory reforms this year. But the centerpiece of its proposal-putting the Fed in charge of regulating or monitoring systemic risk-is a serious error."

Wall Street Journal: "Chamber Ad Campaign Targets Consumer Agency ... The U.S. Chamber of Commerce is launching an advertising campaign of at least \$2 million aimed at defeating a central plank of the Obama administration's financial-regulation overhaul."

LA Times: "CFTC's farm roots complicate reform efforts ... The road to reforming financial regulations winds through the cornfields, hog farms and cattle ranches of America's heartland, and that complicates the Obama administration's already arduous effort to revamp oversight of Wall Street."

COMMITTEE REPUBLICANS IN THE NEWS

Rep. Scott Garrett issued this press release: Rep. Garrett's Surplus Lines Bill Passes House.

Rep. Spencer Bachus issued these press release: Bachus Supports Passage Of Insurance Modernization Legislation To Help Foster Efficient Marketplace; Bachus Criticizes Democrat's Plan To Add Cram Down Proposal In Financial Regulatory Reform.

CARTOON OF THE WEEK

(The Washington Post, 9/11/2009)